

Senate Study Bill 1191

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON MCKIBBEN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to securities and tax credits issued by the Iowa
2 capital investment corporation and board.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 3431SC 80
5 tm/cf/24

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1 1 Section 1. Section 15E.64, subsection 1, Code 2003, is
1 2 amended to read as follows:
1 3 1. An Iowa capital investment corporation may be organized
1 4 as a private, not-for-profit corporation under chapter 504A.
1 5 The Iowa capital investment corporation is not a public
1 6 corporation or instrumentality of the state and shall not
1 7 enjoy any of the privileges and shall not be required to
1 8 comply with the requirements of a state agency. Except as
1 9 otherwise provided in this division, this division does not
1 10 exempt the corporation from the requirements under state law
1 11 which apply to other corporations organized under chapter
1 12 504A. The purposes of an Iowa capital investment corporation
1 13 shall be to organize the Iowa fund of funds, to select a
1 14 venture capital investment fund allocation manager to select
1 15 venture capital fund investments by the Iowa fund of funds, to
1 16 negotiate the terms of a contract with the venture capital
1 17 investment fund allocation manager, to execute the contract
1 18 with the selected venture capital investment fund allocation
1 19 manager on behalf of the Iowa fund of funds, to receive
1 20 investment returns from the Iowa fund of funds, and to
1 21 reinvest the investment returns in additional venture capital
1 22 investments designed to result in a significant potential to
1 23 create jobs and to diversify and stabilize the economy of the
1 24 state. The corporation shall not exercise governmental
1 25 functions and shall not have members. The obligations of the
1 26 corporation are not obligations of this state or any political
1 27 subdivision of this state within the meaning of any
1 28 constitutional or statutory debt limitations, but are
1 29 obligations of the corporation payable solely and only from
1 30 the corporation's funds. The corporation shall not and cannot
1 31 pledge the credit or taxing power of this state or any
1 32 political subdivision of this state or make its debts payable
1 33 out of any moneys except those of the corporation. The
1 34 corporation shall not issue any securities for which the
1 35 scheduled aggregate return of capital and other returns exceed
2 1 the maximum amount of tax credits specified in section 15E.66,
2 2 subsection 1.

2 3 Sec. 2. Section 15E.66, subsection 2, Code 2003, is
2 4 amended to read as follows:
2 5 2. The board shall certify the maximum amount of a tax
2 6 credit which could be issued to a designated investor and
2 7 identify the specific calendar year the certificate may be
2 8 redeemed pursuant to this division. A tax credit certificate
2 9 shall not be issued for any security or series of securities
2 10 to which insurance guarantees are attached. The amount of the
2 11 tax credit shall be limited equal to an amount equivalent to
2 12 any difference between the scheduled aggregate return to the
2 13 designated investor at rates of return authorized by the board
2 14 and aggregate actual return received by the designated
2 15 investor and any predecessor in interest of capital and
2 16 interest on the capital. The rates, whether fixed rates or
2 17 variable rates, shall be determined pursuant to a formula
2 18 stipulated in the certificate. The board shall clearly
2 19 indicate on the certificate the schedule, the amount of equity
2 20 investment, the calculation formula for determining the
2 21 scheduled aggregate return on invested capital, and the
2 22 calculation formula for determining the amount of the tax

2 23 credit that may be claimed. Once moneys are invested by a
2 24 designated investor, the certificate shall be binding on the
2 25 board and the department of revenue and finance and shall not
2 26 be modified, terminated, or rescinded.

2 27 EXPLANATION

2 28 This bill relates to securities and tax credits issued by
2 29 the Iowa capital investment corporation and board.

2 30 The bill provides that the Iowa capital investment
2 31 corporation shall not issue any securities for which the
2 32 scheduled aggregate return of capital and other returns exceed
2 33 the maximum amount of tax credits allowed.

2 34 The bill prohibits the board from issuing tax credit
2 35 certificates for any security or series of securities to which
3 1 insurance guarantees are attached.

3 2 The bill provides that the amount of a designated
3 3 investor's tax credit shall be equal to, rather than limited
3 4 to, an amount equivalent to any difference between the
3 5 scheduled aggregate return to the designated investor at rates
3 6 of return authorized by the board and aggregate actual return
3 7 received by the designated investor and any predecessor in
3 8 interest of capital and interest on the capital.

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